

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>		1. CONTRACT ID CODE		PAGE OF PAGES <b>1</b> <b>11</b>	
2. AMENDMENT/MODIFICATION NO. <b>0002</b>		3. EFFECTIVE DATE <b>4/30/00</b>		4. REQUISITION/PURCHASE REQ. NO.	
5. PROJECT NO. (If applicable)					
6. ISSUED BY <b>DEFENSE FINANCE AND ACCOUNTING SERVICE ACQUISITION SUPPORT ORGANIZATION-DFAS-ASO/DPA 1931 JEFFERSON DAVIS HIGHWAY ARLINGTON, VA 22240-5291 ATTN: JANET CARLSON (703) 607-1031 FAX (703) 607-1573/2132</b>		CODE <b>MDA220</b>		7. ADMINISTERED BY (If other than Item 6)  <b>SAME AS BLK #6</b>	
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State, and ZIP Code)		(✓) <b>X</b>		9A. AMENDMENT OF SOLICITATION NO. <b>MDA220-01-R-0001</b>	
				9B. DATED (SEE ITEM 11) <b>1/24/01</b>	
				10A. MODIFICATION OF CONTRACT/ORDER NO.	
				10B. DATED (SEE ITEM 13)	
CODE		FACILITY CODE			
<b>11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS</b>					
<input checked="" type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers <u>  X  </u> is extended, <u>    </u> is not extended to June 01, 2001, 3:00 PM EST					
Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning <u>  1  </u> copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter of telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.					
12. ACCOUNTING AND APPROPRIATION DATA (If required)					
<b>13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.</b>					
(✓)		A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.			
		B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b)			
		C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:			
		D. OTHER (Specify type of modification and authority)			
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return <u>  2  </u> copies to the issuing office.					
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)					
SEE PAGE 2.					
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.					
15A. NAME AND TITLE OF SIGNER (Type of print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or Print)			
		<b>Janet M. Carlson</b>			
15B. CONTRACT/OFFEROR		15C. DATE SIGNED		16B. UNITED STATES OF AMERICA	
16C. DATE SIGNED					
_____ (Signature of person authorized to sign)		_____ (Signature of Contracting Officer)			

The purpose of this amendment is to extend the solicitation due date to June 01, 2001, change the place for submission of proposals, provide additional information, make changes/corrections to the solicitation documents/attachments and respond to additional vendor questions.

**Additional Information:**

The phone number for Ms. Janet M. Carlson is changed to be 703-607-1031 and Ms. Colette Dalton is no longer a POC for the solicitation (except this week regarding the additional pre-proposal conference). All inquiries should be directed to Ms. Carlson, except that any inquiries about attendance at the special pre-proposal conference can be addressed to Colette Dalton at 703-607-3734 or leave message with Mr. James Lee 703-607-5106.

**Changes/Corrections:**

Corrections/changes have been made to the following documents and replacement documents have been provided as listed below.

DD Form 1707 – Information to Offerors (phone number)  
RFP Section A (Phone number and address for hand delivery or offers)  
RFP Section B - H  
RFP Sections L - M  
J6 - Workload Estimates  
J10 - Output Reports

1. The phone number for Janet M. Carlson was changed to 703-607-1031. Mr. Jim Lee's number was changed to 703-607-5106 and Colette Dalton was removed as a POC for this solicitation. The address for hand delivery of proposals is changed to Crystal Mall #3, Room 905, 1931 Jefferson Davis Hwy, Arlington VA 22240.
2. Section J – Attachments J-6 and J-10 have been replaced in their entirety.
3. Supplemental information is being provided as detailed in Supplemental InfoCO42301.doc and two files FTEsby PA.xls and Occ.xls which are provided as detailed in response to Question three following.

**Responses to Vendor Questions:**

Responses to vendor questions which were submitted after the vendor conference are provided on the last nine pages of this amendment.

QUESTIONS	ANSWERS																																																		
<p>1) Our question # 7.</p> <p>C.3.1... Will the contractor be charged for use of the ELAN, the phone system, local and long distance phone service, etc. and if so, what amount will be added to a bidder's price for evaluation purposes.</p> <p>Your Response:</p> <p>Section J.4. indicates that Government furnished services are provided without cost. See Section M.8 for price evaluation of Government Furnished facilities.</p> <p>Follow-up Question</p> <p>We reviewed M.8 and it included only facilities costs, we can't find any reference to the services listed in our question, please clarify. Please identify the costs associated with the services listed above in the FY 00 – 99 Actual Cost spreadsheet. Will the MEO be charged for these services, if so what dollar amount will they be charged?</p>	<p>The purpose of the clause in section M-8 is to assign to a vendor's proposal an estimate that approximates the costs of facilities for that year based on the utilized space included in the bid.. This adjustment is only made for facilities and not for any of the other charges referred to in your original question.</p> <p>As previously stated, the MEO is not charged for these services either (ELAN, Phone, etc.)</p> <p>The costs associated with these facilities and services included in the FY 00 Actual Cost spreadsheet are as follows:</p> <table> <tr> <td colspan="2"><b>Facilities (G&amp;A &amp; HQ IND)</b></td></tr> <tr> <td colspan="2"><b>Total Costs</b></td></tr> <tr> <td>Utilities</td><td>\$145,083</td></tr> <tr> <td>Facility Maint Contracts</td><td>189,915</td></tr> <tr> <td>Security</td><td>6,739</td></tr> <tr> <td>Custodial</td><td>91,284</td></tr> <tr> <td>Refuse</td><td>9,393</td></tr> <tr> <td colspan="2"><b>\$442,414</b></td></tr> <tr> <td colspan="2"><b>Communications (G&amp;A &amp; HQ IND)</b></td></tr> <tr> <td colspan="2"><b>\$345,159</b></td></tr> <tr> <td colspan="2">Local/Long Distance calls</td></tr> <tr> <td colspan="2">Phone systems and instruments</td></tr> <tr> <td colspan="2">Pagers/cell phones</td></tr> <tr> <td colspan="2"><b>ELAN (G&amp;A &amp; HQ IND)</b></td></tr> <tr> <td colspan="2"><b>\$268,880</b></td></tr> <tr> <td>CDA</td><td>\$51,200</td></tr> <tr> <td>CDA – PBAS</td><td>\$193,100</td></tr> <tr> <td>CDA – SOMARDS</td><td>\$23,600</td></tr> <tr> <td>ADP – SOMARDS</td><td>\$48,800</td></tr> <tr> <td>CDA – MISIL</td><td>\$200,000</td></tr> <tr> <td>CDA – STARS</td><td>\$100,000</td></tr> <tr> <td>IPC</td><td>\$18,700</td></tr> <tr> <td>IPC – PBAS</td><td>\$90,800</td></tr> <tr> <td>IPC – DIFS-R</td><td>\$198,600</td></tr> <tr> <td colspan="2"><b>\$924,800</b></td></tr> </table>	<b>Facilities (G&amp;A &amp; HQ IND)</b>		<b>Total Costs</b>		Utilities	\$145,083	Facility Maint Contracts	189,915	Security	6,739	Custodial	91,284	Refuse	9,393	<b>\$442,414</b>		<b>Communications (G&amp;A &amp; HQ IND)</b>		<b>\$345,159</b>		Local/Long Distance calls		Phone systems and instruments		Pagers/cell phones		<b>ELAN (G&amp;A &amp; HQ IND)</b>		<b>\$268,880</b>		CDA	\$51,200	CDA – PBAS	\$193,100	CDA – SOMARDS	\$23,600	ADP – SOMARDS	\$48,800	CDA – MISIL	\$200,000	CDA – STARS	\$100,000	IPC	\$18,700	IPC – PBAS	\$90,800	IPC – DIFS-R	\$198,600	<b>\$924,800</b>	
<b>Facilities (G&amp;A &amp; HQ IND)</b>																																																			
<b>Total Costs</b>																																																			
Utilities	\$145,083																																																		
Facility Maint Contracts	189,915																																																		
Security	6,739																																																		
Custodial	91,284																																																		
Refuse	9,393																																																		
<b>\$442,414</b>																																																			
<b>Communications (G&amp;A &amp; HQ IND)</b>																																																			
<b>\$345,159</b>																																																			
Local/Long Distance calls																																																			
Phone systems and instruments																																																			
Pagers/cell phones																																																			
<b>ELAN (G&amp;A &amp; HQ IND)</b>																																																			
<b>\$268,880</b>																																																			
CDA	\$51,200																																																		
CDA – PBAS	\$193,100																																																		
CDA – SOMARDS	\$23,600																																																		
ADP – SOMARDS	\$48,800																																																		
CDA – MISIL	\$200,000																																																		
CDA – STARS	\$100,000																																																		
IPC	\$18,700																																																		
IPC – PBAS	\$90,800																																																		
IPC – DIFS-R	\$198,600																																																		
<b>\$924,800</b>																																																			
2) Our Question # 8	We refer you to the answers provided in #1 above.																																																		

QUESTIONS	ANSWERS																		
<p><b>C.3.1... What amount will be added to a bidder's price for use of Government Furnished facilities, including document storage?</b></p> <p><b>Your Response</b> See the response to #7 above.</p> <p><b>Follow-up Question</b> We reviewed M.8 and we are unable to find the rate per square foot that will be charged, please clarify. Please identify the facilities costs in the FY 00 –99 Actual Cost spreadsheet. Will the MEO be charged for facilities, if so what dollar amount will they be charged?</p>	<p>The rate per spare foot that will be used in the evaluation will be based on the FY 01 rate of \$6.06.</p> <p>Based on this rate, the escalated factors for FY 02 through FY 07 would be as follows:</p> <table><tr><td>FY 02</td><td>\$6.15</td><td>1.50%</td></tr><tr><td>FY 03</td><td>\$6.24</td><td>1.50%</td></tr><tr><td>FY 04</td><td>\$6.37</td><td>2.00%</td></tr><tr><td>FY 05</td><td>\$6.50</td><td>2.00%</td></tr><tr><td>FY 06</td><td>\$6.63</td><td>2.00%</td></tr><tr><td>FY 07</td><td>\$6.76</td><td>2.00%</td></tr></table>	FY 02	\$6.15	1.50%	FY 03	\$6.24	1.50%	FY 04	\$6.37	2.00%	FY 05	\$6.50	2.00%	FY 06	\$6.63	2.00%	FY 07	\$6.76	2.00%
FY 02	\$6.15	1.50%																	
FY 03	\$6.24	1.50%																	
FY 04	\$6.37	2.00%																	
FY 05	\$6.50	2.00%																	
FY 06	\$6.63	2.00%																	
FY 07	\$6.76	2.00%																	
<p><b>3) Our Question # 10</b> Can you please provide a further breakdown of the Manning Information table to provide staff by function?</p> <p><b>Your Response</b> The Manning Information table provided meets the DFAS policy for breaking out this type data.</p> <p><b>Follow-up Question</b> Does the MEO have the number of staff and vacant positions for each detailed function?</p>	<p>The MEO has access to the number of vacant positions and what staff performs which detailed function.</p> <p>There were approximately 34 vacant positions documented during the CART data collection activity.</p> <p>We are also providing two additional matrices: (1) To show a summary of the FTE's within the scope of this A-76 by location (FTEsby PA.xls). (2) A breakout of manning information based on the data collections showing the number of FTEs by each performance area defined in the PWS (Occ.xls).</p>																		
<p><b>4) Our Question # 14</b> C.3.1.2... For bidders proposing to continue to utilize DIFS, will the contractor be charged for all associated costs, i.e. production control, software maintenance, computer operations, etc. and if so what amount will be added to a bidder's price in the evaluation?</p> <p><b>Your Response</b> The costs that bidders must include for DIFS</p>	<p>If you are referring to the operations performed by DISA, if the contractor elects to use DIFS, the contractor will not be charged for these services. Costs for these services are not in the FY 00-99 Actual Cost spreadsheet because DSCA pays these charges directly. The MEO will not be charged for these services.</p>																		

QUESTIONS	ANSWERS
<p>related costs are specified in section C-3.1.2, C-5.1.6., various sections of C-6, and exhibit J.7.</p>	
<p><b>Follow-up Question</b>  We understand that the current SAA organization pays a monthly fee for a data center to provide the above referenced services. Will the contractor be charged for these services and if so specifically how much per month will be charged? Please identify these costs in the FY 00 – 99 Actual Cost spreadsheet. Will the MEO be charged for these services, if so what dollar amount will they be charged?</p>	
<p><b>5) Our Question # 19</b>  Can you provide any metrics on the average amount of time/effort it takes to complete each major function?</p>	<p>The Performance Requirements Summary (J-1) and the Workload Estimate (J-6) do refer to the time periods required to perform various functions in the PWS and these are the metrics that should be the focus of the bidder. If the MEO has prepared analysis for performing alternative ways of meeting these requirements this information is not available to the CART and is part of their competitive solution.</p>
<p><b>Your Response</b>  No. The CART team did not gather information on the timing of individual processes or the time it takes to perform individual steps in the process.</p>	
<p><b>Follow-up Question</b>  Does the MEO have metrics as requested above, if so can you provide them to contractors?</p>	
<p><b>6) Our Question # 20</b>  FY01 Budget ... Can you provide a break down of the Overhead costs?</p>	<p>The MEO will be charged overhead rates up to the 12% prescribed in the A-76 guidance. The overhead rate per direct labor hour applied in FY 2001 is \$16.51. The amount they will be charged will be dependent on the number of labor hours they utilize.</p>
<p><b>Your Response</b>  No. This information was not gathered by the CART Team</p>	
<p><b>Follow-up Question</b>  It is our understanding that the overhead costs are allocated costs from DFAS corporate headquarters and they will be re-allocated to other operating units if a private</p>	<p>If a vendor wins the competition, no overheads are charged the contractor and as indicated, these overheads are reallocated among the remaining outputs in the DFAS working capital fund. However, there are some charges currently included in the</p>

QUESTIONS	ANSWERS
<p>sector contractor is selected. If this is true, please explain how these costs will be handled in the evaluation. If this isn't true please explain the break down of the costs and confirm whether the contractor will be charged any of these costs. Will the MEO be charged DFAS overhead and if so what dollar amount will be charged?</p>	<p>overhead that the vendors must include or at least consider in their proposals based on the requirements of the RFP; these are costs for postage (included in line 917), copier leases (included in line 989), and centrally purchased bond paper for faxes and copiers (included in line 417) that would have to be in the contractors bids.</p>
<p><b>7) Our Question # 22</b>  <b>FY01 Budget ... Are there any expenses that will be eliminated by transferring to a contractor?</b></p>	<p>Overhead costs that are reallocated to other operating units within the working capital fund outputs managed by DFAS would not be considered in the evaluation of vendors in this A-76 RFP.</p>
<p><b>Your Response</b>  <b>Not all budgeted costs are considered in scope to the A-76.</b></p>	<p>We are including as an attachment to amendment #2 a listing that describes what each cost is by line item and how that line item relates to its each object class.</p>
<p><b>Follow-up Question</b>  <b>Please explain by line item what each cost is and identify those costs that will be eliminated (not chargeable) to a new contractor. For example will the contractor be charged for Line item 648 FSA CDA Maint , or depreciation and amortization or other fixed system costs and purchases? Please explain how costs that are discretionary will be considered in the evaluation. Please specify by line item those costs that will be charged to the MEO.</b></p>	<p>Information required for the bid is contained in the performance work statement and the workload estimate. Costs to be included and evaluated in a vendor's bid must be based on the requirements contained in the RFP. Above that, discretionary emphasis would be up to the individual bidder (MEO/vendor) based on their capabilities and competitive advantage.</p>
	<p>We have addressed Government furnished facilities and services in our response to questions #1 and 2. We have discussed overheads in our response to question #6.</p>
	<p>The Depreciation costs for DIFS-R would not be billed to the vendor or the MEO but would be paid by DSCA outside of the scope of the A-76.</p>
	<p>Of the costs included under line item 648, only the OC 2566 – CDA-DIFS charges would be chargeable to the vendor and the MEO under the RFP.</p>
	<p>Travel is a reimbursable line item under the RFP.</p>

QUESTIONS	ANSWERS
<p>8) Our Question # 40  <b>C.5.1.6 .. How many compliance specialists are dedicated to the system change process today?</b></p> <p><b>Your Response</b>  The number of personnel performing these tasks was not gathered as a part of the PWS effort.</p> <p><b>Follow-up Question</b>  Does the MEO have this information?</p>	<p>Military personnel costs will be eliminated by the MEO.</p> <p>We refer you to the additional information provided under question #3 above.</p> <p>Yes, the MEO would have access to information involving SAA systems personnel.</p>
<p>9) Our Question # 41  <b>Will the contractor have fiduciary responsibility over government funds including the authority/responsibility for transferring funds, if so please explain circumstances?</b></p> <p><b>Your Response</b>  Yes. For example, receiving, recording, and transmitting for deposit foreign customer payments submitted against quarterly billing statements.</p> <p><b>Follow-up Question</b>  It is our understanding that the SAA receives no actual funds, that all funds are transmitted to the U.S. Treasury and the SAA receives an advice of deposit. Can you please clarify?</p>	<p>All security assistance accounting funding is accounted for using Treasury appropriation symbols. The fund or appropriation symbol for foreign military sales is 8242. All cash deposits received via U.S. Treasury via wire transfers or directly by checks are recorded and accounted for using this symbol. Employees rarely if ever actually handle cash unless it involves pay or travel funds in which case the specific task of disbursement or certification is generally considered to be inherently governmental. We believe that fiduciary responsibilities extend well beyond the responsibilities associated with handling cash within the Government.</p>
<p>10) Our Question # 42  <b>Will the contractor be expected to make decisions with regard to proper GL account classification and/or creation of journal entries, if so please explain circumstances?</b></p> <p><b>Your Response</b>  Yes. The contractor will be generally</p>	<p><b>While individual transactions other than those requiring inherently governmental interaction will not be reviewed as made, the contractor is accountable for transactions processed and subject to providing justification or audit information in a similar manner as government personnel are today.</b></p>

QUESTIONS	ANSWERS
<p>responsible for managing all aspects of security assistance accounting.</p>	
<p><b>Follow-up Question</b>  <b>Will contractor decisions be subject to review and approval by government personnel on a per transaction basis?</b></p>	
<p><b>11) Reference: Summary of FY01 Operating Budget – How many actual FTE's are included in the \$38 Million budget, excluding vacant positions?</b></p>	<p>The FY01 Budget provides for approximately 402.3 funded workyears, excluding the estimated number of vacant positions.</p>
<p><b>12) Reference: C- 1.7.5 Continuity of Operations Plan – Does the SAA have an existing alternate business operations site within Denver with related facilities, equipment, phone and other capabilities. If so, is it possible for a contractor to utilize the SAA site and can you provide a copy of the SAA COOP? If not, will it be available to the MEO and if so what will they be charged for this facility?</b></p>	<p>There is an existing alternate site that is available to the Government via agreements that cannot be transferred to vendors bidding on this A-76. For this reason, that current COOP plan is not included in the technical library or offered to the vendors. This plan is the responsibility of the vendor under this RFP.</p> <p>It may be possible to negotiate use of this same alternate facility. The person to contact for the Denver location is Mr. Larry Grandison, DFAS-N/DE, Director of Administrative Services, (303-676-7545).</p>
<p><b>13) Reference: C-1.3.4 - Will warranties and service agreements in effect on GFE be transferable or useable by the contractor?</b></p>	<p><b>Warranties and service agreements in effect will be offered to the contractors to the extent possible and will be determined at the time of the joint inventory during the base period of the contract.</b></p>
<p><b>14) DFAS has stated that on the average previously completed A 76 studies have resulted in savings to the government of approximately 25%. Can you provide examples of these studies with dollar and staff reductions and details on how these savings were achieved and or calculated, for example an Activity Value Analysis/Time Study?</b></p>	<p><b>Examples of studies where we have estimated savings can be retrieved from the A-76 information located at our web site (<a href="http://www.dfas.mil">www.dfas.mil</a>). The Government hopes to save approximately 25% on the scope of the A-76 process under review. Generally, the process looks at applicable workyear plus other identified cost savings.</b></p>



QUESTIONS	ANSWERS
<p>15) On what amount does the government hope to save 25%, the \$38 million FY01 budget, just the labor costs, or some subset of expenses? It appears the government will provide all facilities, equipment, systems, etc. at no cost to the contractor leaving only the labor costs to be absorbed by a contractor. How will the costs other than labor be considered in the evaluation, where are these costs in the FY 01 Budget and will the MEO be charged any of these costs?</p> <p>16) Will DFAS hold another bidder's conference or a meeting to allow bidders to ask questions in an iterative process?</p>	<p>In the evaluation the Government attributes costs to facilities as described in our response to questions #1 above. Other cost descriptions and requirements for non-labor charges are provided throughout the RFP. We also refer you to our other responses above.</p> <p>We intend to offer bidders an extension of time for the bid due date while we amend the RFP to respond to these questions. We will also propose in that extension a meeting to allow bidder's time to ask additional questions as needed.</p>